melbourne wholesale fruit
vegetable & flower **market**

2011 2012 ANNUAL REPORT

>>> MELBOURNE MARKET AUTHORITY

The Hon. Dr Denis Napthine, MP

Minister for Major Projects, Ports, Racing and Regional Cities

Parliament House

MELBOURNE VIC 3000

Dear Minister

The Melbourne Market Authority (MMA) has pleasure in submitting its annual report for the year ending 30 June 2012.

This report covers the period 1 July 2011 to 30 June 2012. The Board is committed to the continuing development of the market and to ensuring that the MMA remains responsive to its various customer groups and stakeholders.

I commend this report to you and assure you of the Board's commitment to working with the industry for a sustainable and viable central market.

Yours sincerely

NEIL LOWE
Chairman

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CHAIRMAN'S REPORT

I AM PLEASED TO REPORT THAT THE MELBOURNE MARKET AUTHORITY (MMA) HAS ONCE AGAIN ACHIEVED A VERY SATISFACTORY FINANCIAL RESULT. THE MMA RECORDED A NET SURPLUS OF $7.9 MILLION IN 2011–12, SLIGHTLY DOWN ON THE PREVIOUS YEAR. THIS RESULT HAS ALLOWED THE MMA TO MAINTAIN A STRONG POSITION IN THE BALANCE SHEET WHICH, AS WE HAVE HIGHLIGHTED IN PREVIOUS YEARS, IS A NECESSARY ELEMENT IN THE MELBOURNE MARKET'S TRANSITION TO ITS NEW SITE AT EPPING.

The strong balance sheet has enabled the MMA to meet two financial obligations. The first is the requirement to fund part of the $453 million shortfall in the Vision Super Local Authority Superannuation Fund (LASF) defined benefit plan. Vision Super documentation advised that the MMA's share of the shortfall is $497,153, with payment due by 1 July 2013. Vision Super has offered a discount on early payment of the full amount which the MMA has accepted.

The second is the payment of a dividend of $51 million to the Victorian Government to support the relocation to Epping. Once this dividend is paid, the MMA's cash reserves will be considerably reduced. However, due to the positive financial performance of the previous years the MMA has adequate cash reserves to meet future commitments.

It has been a challenging time for horticulture over the past few years. Our industry has been battling with years of low rainfall, drought and then sudden devastating floods. Despite the environmental challenges, growing regions of Australia have experienced a very good year. However, we do recognise there are some sectors of the industry that have had a trying year including growers from parts of Northern Queensland and those businesses still recovering from the global financial crisis. Hope is high for an improved year ahead across the board for all sectors of the market community.

The industry has continued to be heavily impacted by tightening consumer buying habits. In addition to this, the high Australian dollar has restricted export opportunities causing the market to be flooded with surplus product during peak growing seasons. This has resulted in margins for wholesalers, grower suppliers and retailers of fresh fruit, vegetables and flowers to remain very tight.

While it is difficult to predict the economic stability of the nation in the year ahead, history would show us that as a community we can continue to grow and supply quality Australian produce.

In October 2011 the Minister for Major Projects, Ports, Racing and Regional Cities, the Hon. Dr Denis Napthine announced the extended role the market advisory committees would play in consultation in the lead up to relocation. In addition to their existing duties, the committees would provide a crucial link between the market community, the MMA and the government on relocation issues. The Minister also instructed the MMA to establish a new Epping market advisory committee. Its key role would be to report on the outcomes of relocation discussions between the market community and the government. The Minister recognised the valued role the existing committee members had played to date. However, with the new duties and increased functions, he felt it was appropriate to refresh the then current advisory committees. The existing committees were dissolved in November 2011 and nominations for new committee members were sought through public advertising and industry organisations. The new committees commenced in early December 2011 and have proved highly valuable to date. Advisory Committees are currently in discussions regarding the process for allocation and rent options for the new market at Epping.

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The MMA and the Department of Business and Innovation (DBI) are serious about consultation. We are also committed to working with our community to develop a successful business model that will ensure a successful transition and foster future industry development.

I would like to thank all members of the MMA Board for their commitment and support throughout 2011–12 as well as the MMA management and staff and the market community. The past year has reinforced the need to work together as we move closer to achieving a successful transition.

I look forward to another successful year with you all.

NEIL LOWE
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

BY EVERY MEASURE—FINANCIALLY AND OPERATIONALLY—THE MMA HAD ANOTHER SUCCESSFUL YEAR AS WE CONTINUED TO BUILD ON OUR PREVIOUS PERFORMANCE IN PROVIDING SUPPORT AND GOVERNANCE OF THE WEST MELBOURNE FACILITY.

During the past 12 months, I am pleased to report, the MMA has worked hard to enhance our leadership team, develop skills capabilities and produce extremely positive results on behalf of the Victorian Government. The MMA has maintained oversight of operations of the current market while completing extensive preparation work to ensure a smooth transition to the new facility in Epping.

There is much to be done in the lead up to the relocation to Epping. However, throughout 2011–12 the MMA has completed substantial transition planning work including financial modelling, operations and site planning as well as extensive consultation with the market community. This multi-departmental work has placed the MMA in a strong position for the year to come as we continue to work with the government to lead the project into the next stage.

Important information concerning allocation and the factors that determine the final rents at the new market has now been provided to the market community. The release of this information is a huge step forward in enabling the market community to make business decisions. As we move forward, the process of consultation with the advisory committees, which to date has proved invaluable, will continue to build. The MMA through the advisory committees, is fully committed to open, meaningful and professional dialogue to work through issues in the lead up to relocation. The MMA will continue to ensure all communications with the market leading up to and during the relocation are open and transparent and enable all market members to participate.

Over the past twelve months, construction at the Epping site has progressed significantly. The trading floor complex at Epping is nearing completion and throughout 2011–12 a large number of the market community visited the site. It has been an honour to showcase the new and exciting future wholesale market. As was noted by the market community on the tours, the Victorian Government has invested considerable funds to ensure Melbourne will be home to a modern and efficient wholesale market for fruit, vegetables and flowers.

While the MMA has been completing substantial transition planning for Epping, the management of the West Melbourne site has remained a priority. More than ever we understand the market community needs our support and as part of this, the MMA is continuing to assess the way we manage the current site. While capital works and maintenance have remained at a sensible operational level, the MMA is continuing to work on upgrades to information technology, financial planning as well as site and safety management to ensure best practice is in place as we prepare for Epping.

Over the past fiscal year, consumer spending in Victoria has remained tight. The MMA has continued to focus on promoting the industry with the objective of increasing demand for fresh produce at the retail level. The MarketFresh School Program is continuing to achieve successful participant numbers with visits to 30,818 children in 2011–12. This will be further supported by the relaunch of the MarketFresh website in late 2012. Promotions of key events on the floral calendar including Mother's Day, Valentine's Day and the spring racing carnival campaign have been successful.

Over the next 12 months, the MMA is looking forward to meeting the demands of the relocation project and setting the ground work for the future of the new Epping market. The strategic direction that the MMA

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is setting for the new market is clear—to establish a commercially viable central market that provides a competitive trading environment with efficient and effective operations.. To achieve this result we not only need the support of the whole MMA team, we will also rely heavily on the input of our stakeholders.

2012-13 is shaping up to be an exciting year for the MMA and the market community. All players need to work together to achieve a positive future for our market.

ALLAN CROSTHWAITE
CEO

MEMBERS OF THE MMA

THE MMA IS ESTABLISHED UNDER THE *MELBOURNE MARKET AUTHORITY ACT 1977* (THE ACT) AND REPORTS TO THE MINISTER FOR MAJOR PROJECTS, PORTS, RACING AND REGIONAL CITIES, THE HON. DR DENIS NAPTHINE, MP.

The members of the MMA Board are appointed by the Minister for Major Projects, Ports, Racing and Regional Cities.

NEIL LOWE joined the MMA as chairman on 21 April 2003 and was reappointed for a further year on 22 June 2012. Neil attended 12 board meetings, 2 advisory committee meetings, 2 Epping market committee meetings, 3 remuneration meetings and 2 finance and risk management (FARM) committee meetings in 2011—12.

BRONWYN CONSTANCE joined the MMA as a Board member on 21 April 2009 and departed the MMA Board in September 2011. Bronwyn attended 3 board meetings and 1 FARM committee meeting in 2011—12.

NADA KIRKWOOD joined the MMA as a Board member on 20 October 2010 for a 3 year term. Nada attended 12 board meetings, 3 advisory committee meetings, 3 remuneration meetings and 1 FARM Committee meeting in 2011—12.

GISELA MARVEN joined the MMA as a Board member on 14 June 2011 for a 3 year term. Gisela has attended 10 board meetings, 3 advisory committee meetings and 3 FARM committee meetings in 2011—12.

STEPHEN MCARTHUR joined the MMA as a Board member on 14 June 2011 for a 3 year term. Stephen has attended 12 board meetings, 2 advisory committee meetings, 1 remuneration meeting and 4 FARM committee meetings in 2011—12.

ANDREW MCLELLAN joined the MMA as a Board member on 8 May 2012 for a 2 year term. Andrew has attended 1 board meeting and 1 FARM committee meeting in 2011—12.

ADVISORY COMMITTEES

ADVISORY COMMITTEES MEET REGULARLY AND PROVIDE VALUABLE ADVICE TO THE MMA ON MARKET OPERATIONS AND RELATED ISSUES. MEMBERS ARE APPOINTED FOR A THREE-YEAR TERM.

During 2011—12, the MMA met with the Advisory Committees in accordance with the requirements of The Act. On 3 November 2011, the advisory committees were dissolved and on 2 December 2011 new membership of advisory committees was established. This included the new Epping market committee.

Committee members to 3 November 2011 are tabled below.

Fruit & Vegetable Growers Advisory Committee	Fruit & Vegetable Wholesalers Advisory Committee	Fruit & Vegetable Retailers Advisory Committee	Flowers Grower Advisory Committee	Florists Advisory Committee
David Wallace (Chairperson)	Robin Westmore (Chairperson)	Paul Ahern (Chairperson)	Geoff Maguire (Chairperson)	David Palmieri (Chairperson)
Luis Gazzola	Shane Schnitzler	Trevor Wilson	John Boon	Geoffrey Irving
Joe Ruffo	Grant Nichol	John Chapman	Peter Koomen	Cristina Varrasso
Mark Paganoni	Vince J Brancatisano	John Psarakos	Greg Duffy	
Gordon Johns	Vince Brancatisano	Damian Toscano	Joe Zappia	
Observers: Jack Walker and Tony Imeson	Observers: Alan Guy, Sam Cutrale and John Roach			

Committee members from 2 December 2011 are tabled below.

Fruit & Vegetable Growers Advisory Committee	Fruit & Vegetable Wholesalers Advisory Committee	Fruit & Vegetable Retailers Advisory Committee	Flower Advisory Committee	Epping Market Committee
David Wallace (Chairperson)	Stephen Wirtz (Chairperson)	Paul Ahern (Chairperson)	Geoff Maguire (Chairperson)	Neil Lowe (Chairperson)
Luis Gazzola	Shane Schnitzler	Trevor Wilson	John Boon	David Wallace
Vince Doria	Grant Nichol	John Chapman	Philip Mays	Stephen Wirtz
David Kelly	Vince Brancatisano (Prestige Produce)	John Psarakos	Adrian Parsons	Geoff Maguire
Alec Berias	Harry Kapiris	Glynn Harvey	Greg Duffy	Paul Ahern

ORGANISATIONAL CHART

melbourne wholesale fruit vegetable & flower market

BOARD MEMBERS

Neil Lowe, Chairman

Nada Kirkwood

Gisela Marven

Stephen McArthur

Andrew McLellan

ADVISORY COMMITTEES

CHIEF EXECUTIVE OFFICER

Allan Crosthwaite

MANAGEMENT TEAM

Darryn Coulson
Chief Financial Officer

Darek Stec
Chief Operations Officer

Aurora Kostezky
Legal Counsel

Marisa Di Pietro
Governance & Environmental Manager

Brian Kirby
Operations Manager

David Fussell
Marketing Manager

John Ly
IT Systems Manager

RELOCATION

Gail Conman
Project Director

Masoud Zakipoor
Programme Office Manager

SUPPORT STAFF

Finance & Administration

Legal & Commercial

Market Operations

Site Services

Marketing

IT Systems

OBJECTIVES, FUNCTIONS & VALUES

OUR VISION IS:

To be the preferred market and distribution centre for horticultural products and to provide industry support.

OUR MISSION IS:

To provide a commercially viable wholesale market.

ESTABLISHED UNDER THE ACT, THE MMA SERVES THE VICTORIAN FRUIT AND VEGETABLE INDUSTRY ALONG WITH THE FLOWER INDUSTRY THROUGH THE PROVISION OF MARKET FACILITIES AND DRIVES STRATEGIC DIRECTION AND MARKETING FOR THE INDUSTRY.

The Act prescribes the following objectives and functions:

Objectives:

- to provide a commercially viable wholesale facility for the efficient distribution of fresh produce;
- to optimise returns on land and assets controlled and managed by the MMA
- to ensure a fair and competitive environment for wholesale trading of produce.

Functions:

- to control, maintain and manage the Melbourne Wholesale Fruit, Vegetable & Flower Market and the market land
- to promote the use of the facilities at the Melbourne Wholesale Fruit, Vegetable & Flower Market
- to provide advice and information to the Minister on matters relating to the market and its use by industry and on industry-related matters generally
- to do all things the MMA is authorised or required to do by or under this or any other Act or law.

Customer Focus

We recognise the importance of our customers to the success of our business and work in consultation with them to ensure that our facilities and services meet their needs and support their business viability and growth.

Our customers are the businesses that trade in or through the Melbourne Wholesale Fruit, Vegetable & Flower Market.

They include growers, retailers, providores, wholesalers and those businesses that support trading.

Shareholder Value

We conduct our business so that we optimise the return to our shareholder, the Victorian Government.

Communications and Co-operation

We communicate openly and honestly throughout the MMA and provide quality services to our customers.

Honesty and Integrity

In everything we do, we act with honesty and integrity.

Industry Support and Innovation

We encourage innovation and initiative so that we may add value to our customers and position the Melbourne Wholesale Fruit, Vegetable & Flower Market to take a strong supporting role on issues faced by the industry as a whole, and individual industry associations.

Management by Fact

Decision making is based on factual information. Research and analysis is important in conducting our business.

Respect for Others

We treat our customers, suppliers and one another with respect and dignity. We value the principles of equity and diversity.

Safe and Healthy Workplace

We strive to provide a safe and healthy workplace for all people who work within the market.

Teamwork

We value the input and participation of all employees and recognise the benefits that teamwork offers. We work in partnership with our customers, suppliers and industry groups.

BUSINESS OVERVIEW AND STATISTICS

BUSINESSES TRADING IN THE MARKET		
	Total Businesses	Individual Access Cards June 2012
Total fruit & vegetable tenant businesses	632	3,287
Fruit & vegetable retail buyers	1,279	2,477
Total fruit & vegetable businesses	1,911	5,764
Flower buyers - florists	737	1,091
Flower growers/wholesalers	103	314
Total flower businesses	840	1,405
Transport operators & unloaders	121	384
Other market related businesses	176	694
Total market businesses	3,048	8,247

AVERAGE VEHICLE ACCESS PER TRADING DAY			
	2011—12	2010—11	2009—10
Fruit & vegetable market:			
Buyers/retailers	742	768	793
Growers/wholesalers/merchants	1,440	1,498	1,268
Total average entries	2,182	2,266	2,061
Flower market:			
Buyers/florists	109	120	120
Growers/wholesalers	71	78	74
Total average entries	180	198	194
Ancillary businesses:			
Market related businesses	562	534	372
Transport operators and unloaders	136	124	146
Total average entries	698	658	518
Total average daily market access	3,060	3,122	2,773

% CHANGE IN REGISTERED USERS						
	% Change	2011—12	% Change	2010—11	% Change	2009—10
Total Registered Individuals	+12%	8247	+5%	8115	+3%	7711
Total Registered Businesses	-4%	2971	-	3108	-2%	3103

BUSINESS OVERVIEW AND STATISTICS

MARKET LAND USE		
	No. of Properties/Trading Modules	Area of Land Used - m2
Warehousing	38	31,513
‘A’ stores	240	20,160
‘B’ stores	180	10,314
Fruit & vegetable stands	664	13,944
Total fruit & vegetable trading	1,122	75,931
Flower market stands (including coolrooms and entrance ways)	143	3,003
Flower market commercial properties	4	715
Total flower market trading	147	3,718
Other properties	63	36,517
Parking (including casual parking)	2,710	43,940
Total leasing/licensed areas	4,042	160,106

INDUSTRIAL VEHICLES ON SITE			
	2011—12	2010—11	2009—10
Forklifts	878	861	852
Scooters	238	240	241
Golf carts	42	39	23

THE FRUIT, VEGETABLE & FLOWER MARKET

THE MARKET IS VICTORIA'S CENTRE FOR THE WHOLESALING AND DISTRIBUTION OF FRESH FRUIT, VEGETABLES AND FLOWERS.

The market facility has some 3,000 businesses operating from the site that warehouse and trade fresh produce. Traders include fruit, vegetable and flower wholesalers as well as growers operating from warehouses, stores and trading stands.

Buyers include independent greengrocers, supermarkets, providores, restaurants, food processors and florists. Many more regional businesses receive deliveries and consignments direct from the market. Produce is sourced predominantly from local and national growers with international supplies filling the counter seasonal void.

The MMA supports industry through promotions of fresh produce and cut flowers to consumers via a diverse suite of marketing events and initiatives.

THE YEAR IN REVIEW

Trading Hours

The wholesale fruit and vegetable market opens for trading five days a week with general trading commencing from 3.30am on Monday, Thursday and Friday and 4.30am on Tuesday and Wednesday.

The wholesale flower market opens for business six days each week, with three key market days Tuesday, Thursday and Saturday. General trading starts from 4.30am each day except Thursday and Saturday when trading starts from 4.00am and 5.00am consecutively.

Site Services

Maintaining the condition of assets to ensure safe operations for market users is the MMA's main focus.

The MMA's obligation is to maintain services such as emergency exit access, lights and fire protection. MMA's Site Services Department have undertaken the following actions:

- assessment of the current level of essential services provision to meet legal obligations
- scheduling of essential services inspections in tenancies.

As a new initiative the MMA has commenced environmentally friendly disposal of fluorescent tubes and globes which are used in high quantities in the Market. The collection and processing of this waste product is now in accordance with the government approved fluorocycle program for recycling.

Other site services major activities included:

- road works—minor and major—pavement replacement, with particular focus on forklift pathways
- installation of safe access points to all market building roofs
- development of additional waste handling area for recyclables such as timber vegetable bins, pallets and waxed cardboard
- repair of storm water damage to part of the roof near the west end of market.

Market Operations

Market operations have been focused on providing a safe working environment and efficient service to market users. Improvement processes in operational activities included market officers carrying out their activities based on a daily duties check list report. Each report lists market officer's duties for the assigned area and provides any associated feedback. This has improved operational efficiency and consistency in market officers' performance.

The MMA has been working with market users on keeping the market clean both during and after trading hours.

Incidents of Market Theft

The MMA has been successfully assisting market users in minimising produce theft in the market which limited the incidents to less than an average of five per month during 2011—12 against a maximum of 30 incidents per month during 2010—11.

MARKETING

THROUGHOUT THE YEAR THE MMA WORKED WITH A NUMBER OF GROUPS TO EXTEND ITS PROMOTIONAL EXPOSURE, SUPPORT INDUSTRY DEVELOPMENT, AND PROVIDE INFORMATION TO CONSUMERS ON THE HEALTH BENEFITS LINKED TO EATING FRESH PRODUCE.

The market continues to be the central hub for the purchase and distribution of fresh produce within the state of Victoria and the MMA will continue to strive to actively promote both the cut flower and fruit and vegetable industries in support of its stakeholders.

The MMA actively promotes the benefits of consuming fresh produce to all sectors of the community with school students receiving the MarketFresh Schools Program and the general community via the MMA participating in major food promotional events in Melbourne.

Visits and presentations extend to Probus and senior citizen clubs upon request to the MMA.

These marketing programs and other promotional initiatives are supported by wholesalers, growers and industry groups who all contribute to the success of the campaign.

Marketing is now seeking to expand its reach with promotional activities utilising social media.

MARKETING EVENTS

- Partners of the Melbourne Market Annual Golf Day
- Melbourne International Flower & Garden Show
- Melbourne Good Food & Wine Show
- Werribee Harvest Picnic
- VicFresh - Industry gala night (hosting 710 industry guests with presentation of awards)
- Chinese New Year (within the market)
- Christmas Charity Barbeque (within the market). A MMA and Melbourne Market Lions Club joint event. Proceeds of $20,000 donated to The Reach Foundation in 2011.

MARKETING PROGRAMS

MarketFresh Schools Program

The MarketFresh Schools Program is managed by the MMA with support from stakeholders and the fresh produce industry. The program is structured to educate school children about the importance of consuming fresh fruit and vegetables daily as a component of their general wellbeing.

The children view a short DVD to give them an understanding of the supply chain from growers to their home as well as the role of the Melbourne wholesale market.

During 2011—12 the MMA travelled state-wide to present 215 sessions to 30,818 students.

This important program would not be possible without the continued support from industry, wholesalers and growers.

The MarketFresh Schools Program was selected as one of three finalists in the prestigious 2012 Melbourne Awards.

Retail Development Program - Victoria

The Retail Development Program managed by the MMA is designed to reward excellence in all aspects of fruit and vegetable retailing. Greengrocers' stores are assessed through an independent mystery shopping service provider. The mystery shoppers evaluate greengrocers across the state on in-store display, lighting, cleanliness, level of service, product knowledge and ticketing.

Greengrocers are provided with an evaluation report following each store visit. After each round the top performing greengrocers are awarded Retailer of the Month.

This leads through to the Retailer of the Year awards, divided into two categories:

- Retailer of the Year Regional Victoria
- Retailer of the Year Metropolitan Melbourne

30 finalists are eligible for these awards.

492 independent Victorian greengrocers were mystery shopped in 2011—12.

Market Award for 40 Years of Continuous Service

Awarded annually to market users who have attained 40 years or more of continuous service at the market.

MARKETING

FLOWER PROMOTIONS

- Valentine's Day and Mother's Day. The MMA provided florists with promotional materials to support in store promotion with poster pack and tee shirts
- Spring Racing Carnival. The MMA supplied in-store promotional packs including book marks showcasing the schedule of flowers aligned to Melbourne metropolitan race meetings. The MMA and Country Racing Victoria established the Leucadendron safari sunset as the flower linked to all Victorian country race meetings
- Daffodil Day fundraiser. Joint venture between the MMA and Cancer Council Victoria
- Cystic Fibrosis Victoria (65 Roses day fundraiser). The MMA partnered and assisted with the development of the promotion.

FRUIT AND VEGETABLE PROMOTIONS

Marketfresh.com.au

The MMA's MarketFresh website is a valuable resource and is used by the fresh produce industry, the education sector, food service, florists and consumers seeking information on varieties and seasonality of fresh produce and flowers.

A fresh produce and flower availability report is uploaded monthly.

The MMA maintains the site with continual upgrades to support sales of fresh produce through retailers and florists who buy from the market.

In addition, a weekly produce report is supplied by the MMA to the Herald Sun food supplement 'Taste'. The report advises readers on seasonal lines of produce that are readily available and good buying as well as directing readers to the MarketFresh website for additional information.

MARKET BRANDING

The MMA have developed a new Melbourne Markets logo. A new logo will be integrated across all signage and livery for the new market in Epping.

SPONSORSHIPS

MMA marketing sponsors multiple events to support the fresh produce industry. These include:

- Vegetable Growers Association National Vegetable Expo (Werribee)
- Victorian Farmers Federation
- Les Toques Blanches Association of Executive Chefs. Student - Award for Excellence
- Ausveg National Vegetable Conference Hobart 2012
- Fresh Connections - Produce Marketing Association 2012 Melbourne
- Vegetable Growers Association Annual Golf Day.
- Bundaberg Fruit and Vegetable Growers Association

PARTNERS OF THE MARKET

Business Partnership Program

The Business partnership program operated by the MMA provides its member companies with the opportunity to market their products and services to the Market community through MMA activities. Current members include Toyota Material Handling, National Point of Sale Systems and new member Paccar Trucks Melbourne. Paccar showcase DAF trucks on the MMA's promotional stands one morning per month.

MARKETING

Restaurant and Food Service Liaison

MMA continues to support and promote the food service industry with strategic alliances. The MMA continues the partnership with Les Toques Blanches International Club Victoria Australia—a professional organisation for executive chefs—to promote the market and fresh produce.

Foodbank Victoria

Foodbank Victoria is an independent charity which collects and distributes food and household supplies to over 500 not-for-profit organisations across the state. The MMA actively supports Foodbank Victoria with their assemblage operation in the Melbourne Market.

Foodbank Victoria sources fresh produce donated by market wholesalers for distribution through agencies to the needy in the broader Victorian community.

The donated fresh produce stems from inventory management and any fresh product that is still edible, but deemed not be saleable.

During 2011—12 Foodbank Victoria received donations of 568,675 kilograms of fresh produce from wholesale traders operating within the market, a 13.1 per cent increase since 2010—11.

NEW BUSINESS ORIENTATIONS

The MMA operates an orientation service to introduce new businesses and personnel to the market. The service is well utilised, particularly by small independent retailers and florists wishing to enter the market.

354 people utilised the market business orientation service during 2011—12.

VISITORS

A total of 1,618 people visited the market during 2011—12.

The Melbourne Wholesale Fruit, Vegetable & Flower Market has been the destination for an increased number of international visitors seeking industry information or contacts for import and export opportunities.

- tourist train visitors - 1465
- national industry visitors - 214
- international industry visitors - 140

BUSINESS DIRECTORIES

- The MMA produce a comprehensive pocket size business directory which is updated annually to support traders and businesses operating within the market.
- In 2012—13 a new-look colour publication will be available to industry for referencing all sectors operating within the fruit and vegetable market. The flower market directory will also adopt this new look.

ENVIRONMENT

The MMA's environment performance for 2011—12 is summarised in the table below.

Indicator	2011—12	2010—11
Total units of copy paper used by the MMA (A4 equivalent reams)	287*	407
Total electricity used on site (kW)	13,933,397	14,615,381
Total gas used on site (MJ)	65,894	109,864
Total units of metered water consumed on site (kl)	18,491	15,220
Total energy consumption of MMA operational vehicles (GJ)	192	206
Total distance travelled by aeroplane of MMA representatives (airline km)	33,020	42,970
Total landfill (tonnes) from the site	3945	3950
Total recyclables (tonnes) from the site	8816	7719
Percentage diversion rate from landfill	69.1	66.1

* The 2011—12 figure represent paper consumption measured over seven months only.

In summary:

- waste recycling rate continues to increase and has been steady around 69 percent
- waste generated on site remains constant
- electricity and fuel consumption remains constant
- gas consumption has decreased substantially (40 per cent) due to the NFC cafe being untenanted for part of the year
- air travel during 2011—12 reduced by 23 per cent from the previous year
- water consumption during 2011—12 increased by 21 per cent from the previous year.

Greenhouse Gas Emissions

The greenhouse gas emissions footprint disclosed in the table below has been calculated from the data in the table above.

Indicator	2011—12	2010—11
Total greenhouse gas emissions associated with energy use (tCO2 e)	5070	5324
Total greenhouse gas emissions associated with vehicle fleet (tCO2 e)	13.33	14.33
Total greenhouse gas emissions associated with air travel (tCO2 e)	3.50	3.78
Total greenhouse gas emissions associated with waste production (tCO2 e)	3550	3555

In summary:

- Greenhouse gases have decreased by 3 per cent from the previous year.

GOVERNANCE

RISK MANAGEMENT

Risk Management Attestation

I, Neil Lowe, certify that the MMA has risk management processes in place consistent with the International Risk Management Standard ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The MMA board verifies this assurance and that the risk profile of the MMA has been critically reviewed within the last 12 months.

NEIL LOWE
Chairman

WORKPLACE RELATIONS

The MMA Enterprise Bargaining Agreement 2010—2013 (EBA) governs the workplace arrangements for employees at the MMA.

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE

There was no lost time injuries to MMA employees during the reporting period.

INTERNAL AUDIT PROGRAM

Oakton Services Pty Ltd were contracted to provide internal audit services during 2011—12.

ADMINISTRATION AND MANAGEMENT

STAFFING

	Ongoing Employees				Fixed Term & Casual
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE
June 2012	36	36	-	36	-
June 2011	32	32	-	32	-

	June 2012			June 2011		
	Ongoing		Fixed Term & Casual	Ongoing		Fixed Term & Casual
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender:						
Male	18	18	-	16	16	-
Female	18	17	1	16	16	-
Age:						
Under 25	-	-	-	-	-	-
25-34	6	6	-	5	5	-
35-44	8	8	-	9	9	-
45-54	13	13	-	10	10	-
55-64	8	7	1	7	7	-
Over 64	1	1	-	1	1	-
Total	36	35	1	32	32	-

- All figures reflect employment levels during the last full pay period of June of each year.
- ‘Ongoing employees’ means people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- ‘FTE’ means full-time staff equivalent.
- Excluded are those persons on leave without pay or absent on secondment, external contractors/consultants, temporary staff employed by employment agencies, and people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*.
- Employee classifications are as per those main classifications prescribed in the current MMA EBA.
- The increase in employment levels between June 2011 and June 2012 is due to the relocation project.

TOTAL EMPLOYEES AND BOARD AT THE REPORTING DATE

	2012	2011
Payroll employees	No.	No.
Staff	36	32
Board members	5	5
Total	41	37
Assumed rate of increase in wage and salary rates	3.00%	3.00%
Discount rate	3.06%	5.28%
Settlement term (years)	10	10
Settlement term (years) pro rata	7	7

ADMINISTRATION AND MANAGEMENT

WHISTLEBLOWER PROTECTION ACT 2001

The Whistleblowers Protection Act 2001 (The Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with The Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The MMA does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The MMA will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Aurora Kostezky
Protected Disclosure Co-ordinator
Melbourne Market Authority
Box 1, 542 Footscray Rd
West Melbourne VIC 3003
Telephone: (03) 9258 6100

The Ombudsman Victoria
Level 22, 459 Collins St
Melbourne VIC 3000
Telephone: (03) 9613 6222
Toll free: 1800 806 314

DISCLOSURES

There have been no disclosures referred to the MMA or the Ombudsman or by the Ombudsman to the MMA under The Act since it commenced in January 2002.

PRIVACY POLICY

The MMA is bound by the National Privacy Principles, which are contained within the *Information Privacy Act 2000*. The MMA respects and values customers' privacy and takes all reasonable steps to ensure that any personal information collected is kept securely to prevent misuse, loss, unauthorised access or change. The MMA has developed a privacy policy statement and has advised all customers of this policy in writing, posted on the website and makes it available to all new customers at the time of registration. There were no complaints or breaches in regard to privacy issues during the year.

FINANCE REPORT

FIVE YEAR FINANCIAL SUMMARY

	2012	2011	2010	2009	2008
	$000	$000	$000	$000	$000
Income from government	38	15	-	-	2,001
Total income from transactions	24,349	23,005	21,470	20,615	21,985
Total expenses from transactions	16,322	14,647	15,882	14,882	17,417
Net result from transactions	8,027	8,373	5,588	5,733	4,568
Net result for the period	7,937	8,337	5,563	5,642	4,541
Net cash flow from operating activities	13,015	11,682	10,269	11,642	10,887
Total assets	157,691	149,346	130,703	124,931	119,559
Total liabilities	4,287	3,880	3,732	3,523	3,793

FINANCIAL PERFORMANCE

Income

There were some significant changes in revenue for the year compared with last year, with the key changes highlighted below:

Total Revenue $24,349,025
+ $1,328,730 (+5.8%)

The following items contributed to the movement in revenue:-

Rental Income $21,080,456
+ $902,580 (+4.5%)

This increase has resulted from the annual CPI increase to property rentals, increases to wholesaler stores and warehousing, growers trading stands and parking spaces which were consistent with budget.

Interest Revenue $2,850,016
+ $414,166 (+17.0%)

This increase has resulted from a growing investment principle which was consistent with budget, and higher rates of interest which were less than budget.

Expenditure

There were some significant changes in expenses compared with last year, with the key changes highlighted below:

Total Expenses $16,322,286
- $1,674,968 (+11.4%)

The following items contributed to the movement in expenditure:-

Supplies and Services $8,262,538
+ $872,681 (+11.8%)

This increase has resulted from the increase to relocation related expenditure, which is consistent with budget.

Employee Benefits and Expenses $4,225,460
+ $550,985 (+15.0%)

This increase has resulted predominantly from MMA's contribution ($497,153) to the shortfall in the Vision Super Defined Benefit Fund, determined from the triennial actuarial investigation at 31 December 2011. The amount is not due to be paid until 1 July 2013, and was not budgeted. Annual staff pay increases and growing provision for staff long service leave contributed to the increase, but are consistent with budget.

Depreciation and Amortisation $3,833,288
+ $256,402 (+7.2%)

This increase has resulted from the increase to the accelerated depreciation charge based on an incremental revaluation of buildings in 2011, and is consistent with budget. Depreciation is calculated to ensure that at the date of relocation the market assets (excluding land and motor vehicles) are depreciated to zero.

FINANCE REPORT

Consulting Fees

There was 1 consultancy with individual costs $100,000 or above, as follows:

Consultant	Purpose	Start Date	End Date	Total Approved (excl. GST)	Expenditure 2011/2012 (excl. GST)	Estimated Future Expenditure (excl. GST)
Page Consulting P/L	Provide strategic advice and support services relating to market relocation	Sept 11	May 12	$250,000	$248,850	$20,000

There were 17 consultancies of less than $100,000 each which totalled $350,488.

Contracting Fees
There were 7 contracts with individual costs greater than $100,000 which totalled $3,846,347, and there were 36 contracts of less than $100,000 each, which totalled $793,565.

FINANCIAL POSITION

Assets

There were some significant changes in assets compared with last year, with the key changes highlighted below:

Investments $60,000,000
+ $10,000,000 (+20.0%)

This increase has resulted from a growing investment principle which was consistent with budget.

Cash and Deposits $8,260,737
+ $2,579,625 (+45.4%)

This increase has resulted from a growing investment principle which was consistent with budget.

Property, Plant and Equipment $88,794,966
- $3,453,860 (-3.7%)

This decrease has resulted from the depreciation charge of buildings ($3,522,036) which includes an accelerated depreciation charge ($1,600,000) and is consistent with budget. Depreciation is calculated to ensure that at the date of relocation the market assets (excluding land and motor vehicles) are depreciated to zero.

CASH FLOWS

Payments for investments $10,000,000
- $2,000,000 (-71.4%)

Whilst this decrease has resulted from less cash funds being transferred to investment funds to balance date, cash and cash equivalents had increased by $2,579,625 at balance date.

BUDGET PERFORMANCE

The MMA achieved a less than 1% under budget revenue result, and a less than 1% better than budget expenditure result. This equated to a less than 1% under budget overall result.

FINANCE REPORT

CORPORATE PERFORMANCE

The MMA uses a set of Key Performance Indicators (KPI's) as a means of measuring corporate performance across a range of financial and non-financial performance areas including:

- performance against operating revenue and expenditure budgets
- property utilisation rates
- employee accrued annual leave and turnover
- loss time injuries and serious incidents
- environmental performance improvements

Performance against each of these areas is measured and an aggregate index of corporate performance derived.

For the full year 2011/12, the MMA's KPI performance index was 101%, which means that in the aggregate MMA exceeded financial and non-financial performance targets by 1%.

DISCLOSURE REQUIREMENTS

The information relating to issues set out in FRD22B of the Directions of the Minister for Finance is available on request.

Members of the Board of the MMA and senior management are required to declare any pecuniary interests that may be relevant to their duties and responsibilities.

The MMA had, where applicable, complied with the *Building Act 1993.*

The MMA complies with the *Freedom of Information Act 1992* and has appointed a Freedom of Information Officer – Aurora Kostezky. No Freedom of Information requests were received during the year.

The MMA applies the principle of promotion on the basis of merit and equity in the treatment of all staff.

Matters relating to the government Competitive Neutrality Policy Victoria statement are being addressed systematically.

The MMA will provide other information as required on request.

MMA investments are held by Treasury Corporation of Victoria.

There were no tenders processed during the year subject to the Victorian Industry Participation Policy Act 2003.

ACKNOWLEDGEMENTS

The MMA gratefully acknowledges the support of the Department of Business and Innovation (DBI) and other Government Agencies.

Advisory and Consultative Committees established by the MMA have continued to provide valuable support and useful advice.

The MMA would also like to record its thanks for the dedicated support it has received from its employees to achieve its objectives and better serve the people of Victoria.

Finally, the MMA thanks the Market community and horticultural industry for the support and assistance which it has received over the past 12 months.

Yours sincerely,

Members of the MMA

N J Lowe, Chairman   N Kirkwood, Member   S J McArthur, Member   G Marven, Member   A McLellan, Member

VAGO

Victorian Auditor-General's Office

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Melbourne VIC 3000

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Melbourne Market Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2012 of the Melbourne Market Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the chairman's, accountable officer's & chief financial officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Melbourne Market Authority are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Melbourne Market Authority and the consolidated entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Melbourne Market Authority and the economic entity as at 30 June 2012 and of their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994.*

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Melbourne Market Authority for the year ended 30 June 2012 included both in the Melbourne Market Authority's annual report and on the website. The Board Members of the Melbourne Market Authority are responsible for the integrity of the Melbourne Market Authority's website. I have not been engaged to report on the integrity of the Melbourne Market Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
27 August 2012

for D D R Pearson
Auditor-General

MELBOURNE MARKET AUTHORITY

Comprehensive Operating Statement for the financial year ended 30 June 2012

	Notes	2012 $	2011 $
CONTINUING OPERATIONS			
INCOME FROM TRANSACTIONS			
Rental income	1(Ei), 2(a)	21,080,456	20,177,876
Interest revenue	1(Eii), 2(b)	2,850,016	2,435,850
Grants	1(Eiii), 2(c)	41,277	15,000
Other income	1(Eiv), 2(d)	377,276	391,569
Total income from transactions		24,349,025	23,020,295
EXPENSES FROM TRANSACTIONS			
Employee expenses	1(Fi), 3(a)	(4,225,460)	(3,674,475)
Depreciation & Amortisation	1(Fiii), 3(b)	(3,833,288)	(3,576,886)
Supplies and services	1(Fiv), 3(c)	(8,262,538)	(7,389,857)
Other operating expenses	1(Fv), 3(d)	(1,000)	(6,100)
Total expenses from transactions		(16,322,286)	(14,647,318)
Net result from transactions (net operating balance)		8,026,739	8,372,977
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	1(Gi), 4(a)	9,467	12,105
Other gains/(losses) from other economic flows	1(Gii), 4(b)	(98,899)	(47,106)
Total other economic flows included in net result		(89,432)	(35,001)
Net result from continuing operations		7,937,307	8,337,976
Net result from discontinued operations		-	-
Net result		7,937,307	8,337,976
Other economic flows - other non-owner change in equity			
Changes in physical asset revaluation surplus	11	-	10,157,800
Total other economic flows - other non-owner changes in equity		-	10,157,800
Comprehensive result		7,937,307	18,495,776

Note: Changes in physical asset revaluation surplus includes realised gains from revaluations of physical assets.

The above Comprehensive Operating Statement should be read in conjunction with accompanying notes

MELBOURNE MARKET AUTHORITY

Balance Sheet as at 30 June 2012

	Notes	2012 $	2011 $
ASSETS			
FINANCIAL ASSETS			
Cash and deposits	1(Ii), 12(a), 22(a)	8,260,737	5,681,112
Receivables	1(Iii), 8, 12(a)	265,726	1,082,781
Investments and other financial assets	1(Iiii), 10, 12(a)	60,000,000	50,000,000
Total Financial Assets		68,526,463	56,763,893
NON-FINANCIAL ASSETS			
Property, plant and equipment	1(Ji), 6	88,794,966	92,248,826
Intangible assets	1(Jiv), 7	187,589	121,442
Prepayments	1(Jv)	182,248	212,338
Total Non-Financial Assets		89,164,803	92,582,606
Total Assets		157,691,266	149,346,499
LIABILITIES			
Payables	1(Ki), 9	3,413,855	3,130,440
Provisions	1(Kii), 5	873,648	749,603
Total Liabilities		4,287,503	3,880,043
Net Assets		153,403,763	145,466,456
EQUITY			
Accumulated surplus/(deficit)		64,300,756	56,363,449
Physical asset revaluation surplus	11	50,937,800	50,937,800
Contributed capital		38,165,207	38,165,207
Net Worth		153,403,763	145,466,456
Commitments for expenditure	16		
Contingent assets and contingent liabilities	17		

The above Balance Sheet should be read in conjunction with accompanying notes

	Notes	Physical asset revaluation surplus $	Accumulated surplus $	Contributions by owner $	Total $
Balance at 1 July 2010		40,780,000	48,025,473	38,165,207	126,970,680
Net result for the year		-	8,337,976	-	8,337,976
Other comprehensive income for the year	11	10,157,800	-	-	10,157,800
Transfer to accumulated surplus		-	-	-	-
Capital appropriations		-	-	-	-
Balance at 30 June 2011		50,937,800	56,363,449	38,165,207	145,466,456
Net result for the year		-	7,937,307	-	7,937,307
Other comprehensive income for the year	11	-	-	-	-
Transfer to accumulated surplus		-	-	-	-
Capital appropriations		-	-	-	-
Balance at 30 June 2012		50,937,800	64,300,756	38,165,207	153,403,763

The above Statement of Changes in Equity should be read in conjunction with accompanying notes

MELBOURNE MARKET AUTHORITY

Cash Flow Statement for the year ended 30 June 2012

	Notes	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Receipts from government		41,277	-
Receipts from customers		23,503,700	22,296,665
Interest received		3,749,608	2,435,850
Total receipts		27,294,585	24,732,515
PAYMENTS			
Payments to suppliers and employees		(12,936,489)	(11,667,744)
Goods & Services Tax paid to the ATO		(1,342,363)	(1,382,433)
Total payments		(14,278,852)	(13,050,177)
Net cash flows from/(used in) operating activities	22(b)	13,015,733	11,682,338
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(10,000,000)	(12,000,000)
Payments for non-financial assets		(511,048)	(304,415)
Proceeds from sale of non-financial assets		74,940	85,798
Net cash flows from/(used in) investing activities		(10,436,108)	(12,218,617)
Net increase/(decrease) in cash equivalents		2,579,625	(536,279)
Cash and cash equivalents at beginning of the year		5,681,112	6,217,391
Cash and cash equivalents at end of the year	22(a)	8,260,737	5,681,112

The above Cash Flow Statement should be read in conjunction with accompanying notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for the MMA for the period ending 30 June 2012. The purpose of the report is to provide users with information about the MMA's stewardship of resources entrusted to it.

(A) STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in the report, a glossary of terms and style conventions can be found in Note 23.

These annual financial statements were authorised for issue by the Chairman, Accountable Officer and Chief Financial Officer on 23 August 2012.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

In the application of AASs, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1(Ji);
- superannuation expense (refer to Note 1(Fi); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(Kiii) (b).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;

(C) REPORTING ENTITY

The financial statements cover the MMA as an individual reporting entity.

The MMA is a state government authority, established pursuant to the *Melbourne Market Authority Act (1977)*. Its principal address is Melbourne Market Authority, 542 Footscray Road, West Melbourne VIC 3003.

The financial statements include all the controlled activities of the MMA.

A description of the nature of the MMA's operations and its principal activities is included in the report of operations on page 9, which does not form part of these financial statements.

Objectives and funding

A description of the objectives, functions and values of the MMA is included in the report of operations on page 9, which does not form part of these financial statements.

The MMA is a self-funded operation, which provides wholesale market facilities which are charged on a fee for usage basis. The fees charged for these services are determined by prevailing market forces.

(D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

(i) Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of financial statements*.

"Transactions' and 'other economic flows' are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* and *Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0) (the GFS manual, refer to Note 23).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. The net result is equivalent to profit or loss derived in accordance with AASs.

(ii) Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non current assets and liabilities (non current being those assets or liabilities expected to be recovered or settled more than 12 months) are disclosed in the notes, where relevant.

(iii) Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

(iv) Statement of changes in equity

The statement of changes in equity presents reconciliations of non owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows – other movements in equity' related to 'Transactions with owner in its capacity as owner'.

(E) INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

(i) Rental income

Rental income from the leasing of investment properties is recognised on a straight-line basis over the lease term.

(ii) Interest revenue

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

(iii) Grants

Income from grants (other than contribution by owners) is recognised when the MMA obtains control over the contribution.

(iv) Other income

Other income includes marketing income and infringements.

(F) EXPENSES FROM TRANSACTIONS

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

(i) Employee expenses

Refer to the section in Note 1(Kiii) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

(ii) Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. This includes amounts identified as an unfunded liability in the defined benefit fund of which past/present MMA employees have been/are members (refer to Note 18)

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

(iii) Depreciation

All infrastructure assets, buildings, plant and equipment and other non financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1(Jii) for the depreciation policy for leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

This useful life of buildings continues to reflect the expected cessation of market operations at the West Melbourne site in June, 2014.

The following estimated useful lives are used in the calculation of depreciation:

Asset Class	Useful Life
Buildings	2 years
Computer Equipment	3 years
Motor Vehicles	6 years
Market Equipment	6 years
Office Furniture	6 years
Intangibles	3 years

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Amortisation of an intangible non-produced asset with a finite useful life is not classified as a transaction and is included in the net result as another economic flow. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

The consumption of intangible non produced assets with finite useful lives is not classified as a transaction, but as amortisation and is included in the net result as another economic flow.

Intangible assets with indefinite useful lives are not depreciated or amortised, but are tested annually for impairment.

(iv) Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred and generally represent the day to day running costs incurred in normal operations.

(v) Other operating expenses

Other operating expenses include donations made.

(G) OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

(i) Net gain/(loss) on non-financial assets

Net gain/(loss) on non financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) of non-current physical assets
Refer to Note 1(Jiii) Revaluations of non-financial physical assets.

Disposal of non financial assets
Any gain or loss on the disposal of non financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Amortisation of non produced intangible assets
Intangible non produced assets with finite lives are amortised as an other economic flow on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

(H) FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the MMA's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the MMA are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non derivative financial instruments

(i) Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(Iii), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

(ii) Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method (refer to Note 23).

Financial instrument liabilities measured at amortised cost include all of MMAs contractual payables, deposits held and advances received, and interest bearing arrangements other than those designated at fair value through profit or loss.

(I) FINANCIAL ASSETS

(i) Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(ii) Receivables

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties and accrued investment income; and

- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(Hi) for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

(iii) Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables
- held-to-maturity; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

(iv) Impairment of financial assets

At the end of each reporting period, the MMA assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

(J) NON-FINANCIAL ASSETS

(i) Property, plant and equipment

All non-financial physical assets, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transfered as part of a machinery of government change are transferred at their carrying amount.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

(ii) Leasehold improvements
The cost of a leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

(iii) Revaluations of non current physical assets
Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other movements in equity', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'Other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

(iv) Intangible assets
Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the MMA.

When the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Note 1(Fii) Depreciation, Note 1(Gi) Amortisation of non produced intangible assets.

(v) Other non-financial assets

Prepayments
Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(K) LIABILITIES

(i) Payables
Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to the MMA prior to the end of the financial year that are unpaid, and arise when the MMA becomes obliged to make future payments in respect of the purchase of those goods and services; and

- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

(ii) Provisions

Provisions are recognised when the MMA has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(iii) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(a) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(b) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the MMA does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:
- nominal value – component that the MMA expects to settle within 12 months; and
- present value – component that the MMA does not expect to settle within 12 months.

Conditional LSL is disclosed as a non current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(G).

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The MMA recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

(iv) Operating leases

The MMA as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The MMA as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(L) EQUITY

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

(M) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 16) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(N) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 17) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(O) ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

(P) EVENTS AFTER THE REPORTING PERIOD

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the MMA and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

(Q) AASs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASs have been published that are not mandatory for the 30 June 2012 reporting period. DTF assesses the impact of all these new standards and advises the MMA of their applicability and early adoption where applicable.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 9 *Financial instruments*	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement*).	1 Jan 2013	Detail of impact is still being assessed.
AASB 10 *Consolidated Financial Statements*	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 *Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities.*	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 11 *Joint Arrangements*	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 *Interests in Joint Ventures.*	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 12 *Disclosure of Interests in Other Entities*	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 13 *Fair Value Measurement*	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 119 *Employee Benefits*	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 *Separate Financial Statements*	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 128 *Investments in Associates and Joint Ventures*	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 1053 *Application of Tiers of Australian Accounting Standards*	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]*	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* *[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]*	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* *[AASB 112]*	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 *Investment Property*.	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-10 *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters* *[AASB 2009-11 & AASB 2010-7]*	The amendments ultimately affect AASB 1 First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	No significant impact is expected on entity reporting.
AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements* *[AASB 101 & AASB 1054]*	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 *Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]*	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	This amendment provides clarification to users preparing the whole of government and general govovernment sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on departmental or entity reporting.
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* *[AASB 124]*	This Standard amends AASB 124 *Related Party Disclosures* by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 2011-6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements* *[AASB 127, AASB 128 & AASB 131]*	The objective of this Standard is to make amendments to AASB 127 Consolidated and *Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures* to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* *[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 *Consolidated and Separate Financial Statements* are amended to AASB 10 *Consolidated Financial Statements* or AASB 127 *Separate Financial Statements*, and references to AASB 131 *Interests in Joint Ventures* are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* *[AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*	This amending Standard makes consequentical changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* *[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133,* 134, 1039 & 1049]	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* *[AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretaion arising from the issuance of AASB 119 *Employee Benefits.*	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements*	This Standard makes amendments to AASB 119 *Employee Benefits* (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20* *[AASB 1]*	This Standard makes amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, as a consequence of the issuance of IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*. This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	There may be an impact for new agencies that adopt Australian Accounting Standards for the first time. No implication is expected for existing entities in the Victorian public sector.
2011-13 *Amendments to Australian Accounting Standard – Improvements to AASB 1049*	This Standard aims to improve the AASB 1049 *Whole of Government and General Government Sector Financial Reporting* at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012-1 *Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements* *[AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]*	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 *Fair Value Measurement.*	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 *Application of Tiers of Australian Accounting Standards*), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on MMA financial statements
AASB *Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	No significant impact is expected on entity reporting.

NOTE 2 INCOME FROM TRANSACTIONS

	2012	2011
(a) RENTAL INCOME	$	$
Rents received for:		
- Fruit and vegetable trading stands	4,636,226	4,456,730
- Wholesale stores and warehouses	9,655,127	9,136,787
- National Flower Centre trading stands	1,444,371	1,382,931
- Other commercial rents	2,100,183	2,048,648
- Parking	3,244,549	3,152,779
Total rental income	21,080,456	20,177,876
(b) INTEREST REVENUE		
Interest on bank deposits	2,850,016	2,435,850
Total interest revenue	2,850,016	2,435,850
(c) GRANTS		
General purpose	41,277	15,000
Total grants	41,277	15,000
(d) OTHER INCOME		
Marketing revenues	146,713	157,156
Other	230,563	234,412
Total other income	377,276	391,569

NOTE 3 EXPENSES FROM TRANSACTIONS

	2012	2011
(a) EMPLOYEE EXPENSES	$	$
Post employment benefits:		
Defined contribution superannuation expense	262,362	269,412
Defined benefit superannuation expense*	520,789	112,632
Termination benefits	-	38,323
Salaries, wages and long service leave	3,442,309	3,254,108
Total employee expenses	4,225,460	3,674,475
(b) DEPRECIATION AND AMORTISATION		
Buildings	3,522,036	3,246,166
Plant, equipment & vehicles	204,512	239,362
Intangible produced assets	106,740	91,358
Total depreciation and amortisation	3,833,288	3,576,886
(c) SUPPLIES & SERVICES		
- Market operations	3,626,916	3,353,035
- Repairs and maintenance	906,337	912,035
- Fuels, rates and taxes	989,921	899,486
- Marketing and media	606,167	724,736
- Audit and insurance	689,278	606,505
- Professional services	783,697	240,875
- Other	719,396	653,185
Total supplies and services	8,321,713	7,389,857
(d) OTHER OPERATING EXPENSES		
Fair value assets and services provided for nominal consideration - Market operations	1,000	6,100
Total fair value assets and services provided for nominal consideration	1,000	6,100

** Note: Includes MMA contribution to shortfall in the Vision Super 'Local Authorities Superannuation (defined benefit) Fund' of $497,463 including contributions tax. Refer also Note 18.*

NOTE 4 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2012	2011
(a) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS		$
Net gain/(loss) on disposal of property, plant and equipment	9,467	12,105
Total net gain/(loss) on non-financial assets	9,467	12,105
(b) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS		
Net gain/(loss) arising from revaluation of leave liability*	(98,899)	(47,106)
Total net gain/(loss) from other economic flows	(98,899)	(47,106)

** Note: Revaluation gain/(loss) is due to changes in bond rates.*

NOTE 5 PROVISIONS

	2012	2011
CURRENT	$	$
Employee benefits - annual leave All entitlements that fall due within 12 months measured at nominal value	201,220	179,377
Employee benefits - long service leave Entitlement representing >7 years continuous service, that do not fall due within 12 months measured at present value	464,284	374,792
Employee benefits	665,504	554,169
Provisions relating to employee benefit on-costs	95,167	78,692
Total current provisions	760,671	632,861
NON-CURRENT		
Employee benefits - long service leave Entitlement representing <7 years of continuous service measured at present value	98,843	102,226
Provisions relating to employee benefit on-costs	14,134	14,516
Total non-current provisions	112,977	116,742
Total provisions	873,648	749,603
Movement in Provisions		
Opening balance	749,603	702,498
Additional provisions recognised	124,045	47,105
Closing balance	873,648	749,603

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	2012	2011	2012	2011	2012	2011
	$	$	$	$.	$	$
Land						
at Independent valuation 30/6/11	81,000,000	81,000,000	-	-	81,000,000	81,000,000
Buildings						
at Independent valuation 30/6/11	10,801,000	10,801,000	3,521,376	-	7,279,624	10,801,000
at Cost	7,070	-	660	-	6,410	-
Plant, equipment and vehicles						
- Market equipment	934,234	887,800	748,323	686,222	185,911	201,578
- Motor vehicles	412,658	373,889	184,517	202,563	228,141	171,326
- Computer equipment	851,349	765,984	763,158	700,801	88,191	65,183
- Office, plant and equipment	296,873	297,875	290,184	288,136	6,689	9,739
Plant, equipment & vehicles at fair value	2,495,114	2,325,548	1,986,182	1,877,722	508,932	447,826
Total amount	94,303,184	94,126,548	5,508,218	1,877,722	88,794,966	92,248,826

NOTE 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FREEHOLD LAND AND BUILDINGS CARRIED AT FAIR VALUE

An independent valuation of MMA's land and buildings was performed by the VGV at 30 June 2011 to determine the fair value. The valuation, which conforms to AAS, was determined by reference to the amounts for which assets could be exchanged between knowledgeable and willing parties in an arm's length transaction. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings of comparable size and location to MMA. The valuation was based on independent assessments. As a result, a land revaluation increment of $3.52M and a building increment of $6.76M was recorded as at 30 June 2011.

MOVEMENTS IN CARRYING AMOUNTS

	Freehold land	Buildings	Market Equip.	Motor Vehicles	Computer Equip.	Office Plant & Equip.	Total
	$000	$000	$000	$000	$000	$000	$000
YEAR 2012:							
Carrying amount at start of year	81,000	10,801	202	171	65	10	92,249
Additions	-	7	47	168	115	-	337
Net revaluation increments	-	-	-	-	-	-	-
Disposals	-	-	-	(65)	-	-	(65)
Depreciation expense	-	(3,522)	(63)	(46)	(92)	(3)	(3,726)
Carrying amount at end of year	81,000	7,286	186	228	88	7	88,795
YEAR 2011:							
Carrying amount at start of year	77,480	7,409	248	210	121	16	85,484
Additions	-	-	23	81	62	-	166
Net revaluation increments	3,520	6,638	-	-	-	-	10,158
Disposals	-	-	-	(74)	-	-	(74)
Depreciation expense	-	(3,246)	(69)	(46)	(118)	(6)	(3,485)
Carrying amount at end of year	81,000	10,801	202	171	65	10	92,249

NOTE 7 INTANGIBLE ASSETS

	2012	2011
SOFTWARE	$	$
Gross carrying amount		
Opening balance	1,247,287	1,109,269
Additions	172,887	138,018
Closing balance	1,420,174	1,247,287
Accumulated amortisation		
Opening balance	(1,125,845)	(1,034,487)
Amortisation expense*	(106,740)	(91,358)
Closing balance	(1,232,585)	(1,125,845)
Net book value as at 30 June 2011	187,589	121,442

** Note: The consumption of intangible produced assets is included in 'depreciation' line item, where the consumption of intangible non-produced assets is included in 'net gain/(loss) on non-financial assets' line item in the comprehensive operating statement.*

At 30 June 2012 MMA had contractual commitments with the following software suppliers:

Supplier - Software	Total Contract	Realised at 30 June 2012
Theta Technologies P/L - Information Leader	53,500	29,170
Tectura Australia P/L - Navision Dynamics	42,662	-
Core Consulting Group - EPMLive Management	16,690	-

NOTE 8 RECEIVABLES

	2012	2011
CURRENT RECEIVABLES	$	$
Contractual		
Rental income	136,552	63,123
Accrued investment income - TCV	120,066	1,019,658
Total receivables	256,618	1,082,781
Statutory		
Taxes receivable	9,108	-
Total receivables	265,726	1,082,781

Ageing analysis of contractual receivables
Please refer to Note 12(b) for the maturity analysis of contractual receivables.

Nature and extent of of risk arising from contractual receivables
Please refer to Note 12 for the nature and extent of risks arising from contractual receivables.

NOTE 9 PAYABLES

	2012	2011
CURRENT PAYABLES	$	$
Contractual		
Supplies and services	1,408,112	823,127
Rentals in advance	1,383,392	1,391,614
	2,791,504	2,214,741
Statutory		
Taxes payable	178,225	506,305
Total current payables*	2,969,729	2,721,046
NON-CURRENT PAYABLES		
Contractual		
Tenant bonds and retention monies	444,126	409,394
Total non-current payables	444,126	409,394
Total Payables	3,413,855	3,130,440

** Note: 2011 - Includes Land Tax payable to State Revenue Office $364,622.*

Ageing analysis of contractual payables
Please refer to Note 12(b) for the maturity analysis of contractual payables.

Nature and extent of of risk arising from contractual payables
Please refer to Note 12 for the nature and extent of risks arising from contractual payables.

NOTE 10 INVESTMENTS AND OTHER FINANCIAL ASSETS

	2012	2011
CURRENT INVESTMENTS AND OTHER FINANCIAL ASSETS	$	$
Current investments and other financial assets		
Term deposits:		
Australian dollar term deposits < 3 months	60,000,000	
Australian dollar term deposits > 3 months		50,000,000
Total investments	60,000,000	50,000,000

NOTE 11 RESERVES

	2012	2011
PHYSICAL ASSET REVALUATION SURPLUS*	$	$
Balance at beginning of financial year	50,937,800	40,780,000
Revaluation increments/(decrements)	-	10,157,800
Balance at end of financial year	50,937,800	50,937,800
Net changes in reserves	-	10,157,800

** Note: The physical asset revaluation surplus arises on the revaluation of land and buildings.*

NOTE 12 FINANCIAL INSTRUMENTS

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The MMA's principal financial instruments comprise of:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables); and
- payables (excluding statutory payables).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the MMA's financial risks within Government policy parameters.

The MMA's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The MMA manages these financial risks in accordance with its financial risk management policy.

The MMA uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Finance, Audit and Risk Management Committee of the MMA.

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(ai) Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial liabilities at amortised cost	Total
YEAR 2012:	$	$	$
Contractual financial assets			
Cash and deposits	8,260,737	-	8,260,737
Receivables*			
- Rental income	136,552	-	136,552
- Accrued investment income	120,066	-	120,066
Investments & other contractual financial assets			
- Term deposits	60,000,000	-	60,000,000
Total contractual financial assets	68,517,355	-	68,517,355
Contractual financial liabilities			
Payables*			
- Supplies and services	-	1,408,112	1,408,112
- Other payables	-	1,827,517	1,827,517
Total contractual financial liabilities	-	3,235,629	3,235,629
YEAR 2011:	$	$	$
Contractual financial assets			
Cash and deposits	5,681,112	-	5,681,112
Receivables*			
- Rental income	63,123	-	63,123
- Accrued investment income	1,019,658	-	1,019,658
Investments & other contractual financial assets			
- Term deposits	50,000,000	-	50,000,000
Total contractual financial assets	56,763,893	-	56,763,893
Contractual financial liabilities			
Payables*			
- Supplies and services	-	823,127	823,127
- Other payables	-	1,801,008	1,801,008
Total contractual financial liabilities	-	2,624,135	2,624,135

** Note: The total amounts disclosed here exclude statutory amounts (ie. amounts owing from Victorian Government, GST input tax credit recoverable and taxes payable).*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(aii) Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss	Total
YEAR 2012:	$	$	$	$	$
Contractual financial assets					
Financial assets - cash and deposits	-	2,850,016	-	-	2,850,016
Total contractual financial assets	-	2,850,016	-	-	2,850,016
Contractual financial liabilities					
Total contractual financial liabilities	-	-	-	-	-
YEAR 2011:	$	$	$	$	$
Contractual financial assets					
Financial assets - cash and deposits	-	2,435,850	-	-	2,435,850
Total contractual financial assets	-	2,435,850	-	-	2,435,850
Contractual financial liabilities					
Total contractual financial liabilities	-	-	-	-	-

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(bi) CREDIT RISK

Credit risk arises from the contractual financial assets of the MMA, which comprise cash and deposits and non-statutory receivables. The MMA's exposure to credit risk is deemed insignificant. The MMA's debtors meet their contractual obligations as they fall due. Credit risk is measured at fair value and is monitored on a regular basis.

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Financial institutions (triple-A credit rating)	Government agencies (triple-A credit rating)	Government agencies (triple-B credit rating)	Other (minimum triple-B credit rating)	Total
YEAR 2012:	$	$			$
Cash and deposits	8,260,737	-	-	-	8,260,737
Receivables*					
- Accrued investment income	120,066	-	-	-	120,066
- Rental income	-	-	-	136,552	136,552
Investments & other contractual financial assets					
- Term deposits	60,000,000	-	-	-	60,000,000
Total	68,380,803	-	-	136,552	68,517,355
YEAR 2011:					
Cash and deposits	5,681,112	-	-	-	5,681,112
Receivables*					
- Accrued investment income	1,019,658	-	-	-	1,019,658
- Rental income	-	-	-	63,123	63,123
Investments & other contractual financial assets					
- Term deposits	50,000,000	-	-	-	50,000,000
Total	56,700,770	-	-	63,123	56,763,893

* *Note: The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(bii) CREDIT RISK

AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

	Carrying Amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			< 1 mth	1-3 mths	3 mths -1 year	1-5 years	
YEAR 2012:	$	$	$	$	$	$	$
Cash and deposits	8,260,737	8,260,737	-	-	-	-	-
Receivables*							
- Accrued investment income	120,066	120,066	-	-	-	-	-
- Rental income	136,552	15,033	104,350	17,169	-	-	-
Investments & other contractual financial assets							
- Term deposits	60,000,000	60,000,000	-	-	-	-	-
Total	68,517,355	68,395,836	104,350	17,169	-	-	-
YEAR 2011:							
Cash and deposits	5,681,112	5,681,112	-	-	-	-	-
Receivables*							
- Accrued investment income	1,019,658	1,019,658	-	-	-	-	-
- Rental income	63,123	20,501	32,009	10,613	-	-	-
Investments & other contractual financial assets							
- Term deposits	50,000,000	50,000,000	-	-	-	-	-
Total	56,763,893	56,721,271	32,009	10,613	-	-	-

* *Note: The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).*

(c) LIQUIDITY RISK

The MMA's exposure to liquidity risk is deemed insignificant. The organisation is able to meet its financial obligations as they fall due. The following table discloses the contractual maturity analysis for the MMA's financial liabilities.

MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES
Presented using the contractual undiscounted cashflows

	Carrying Amount	Nominal amount	Maturity dates				
			< 1 mth	1-3 mths	3mths -1 year	1-5 years	5+ years
YEAR 2012:	$	$	$	$	$	$	$
Payables*							
Supplies and services	1,408,112	1,408,112	910,959	-	497,153	-	-
Other payables	1,827,517	1,827,517	1,383,391	-	-	444,126	-
Total	3,235,629	3,235,629	2,294,350	-	497,153	444,126	-
YEAR 2011:							
Payables*							
Supplies and services	823,127	823,127	823,127	-	-	-	-
Other payables	1,801,008	1,801,008	1,391,614	-	-	409,394	-
Total	2,624,135	2,624,135	2,214,741	-	-	409,394	-

* *Note: The carrying amounts disclosed exclude statutory payables (e.g. GST payable).*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

(d) MARKET RISK

The MMA's exposure to market risk, which includes interest rate risk, is deemed insignificant. This risk is minimised by the MMA's financial instruments being mostly fixed rate and non-interest bearing.

INTEREST RATE RISK SENSITIVITY

	Weighted average interest rate %	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
YEAR 2012:		$	$	$	$
Financial Assets					
Cash and deposits	4.30%	8,260,737	-	8,258,230	2,507
Receivables*					
- Accrued investment income	-	120,066	102,005	18,061	-
- Rental income	-	136,552	-	-	136,552
Investments & other contractual financial assets					
- Term deposits	4.64%	60,000,000	60,000,000	-	-
Total financial assets		68,517,355	60,102,005	8,276,291	139,059
Financial Liabilities					
Payables*					
- Supplies and services	-	1,408,112	-	-	1,408,112
- Other payables	-	1,827,517	-	-	1,827,517
Total financial liabilities	-	3,235,629	-	-	3,235,629
YEAR 2011:					
Financial Assets					
Cash and deposits	4.62%	5,681,112	-	5,678,605	2,507
Receivables*					
- Accrued investment income	-	1,019,658	1,003,266	16,392	-
- Rental income	-	63,123	-	-	63,123
Investments & other contractual financial assets					
- Term deposits	4.94%	50,000,000	50,000,000	-	-
Total financial assets		56,763,893	51,003,266	5,694,997	65,630
Financial Liabilities					
Payables*					
- Supplies and services	-	823,127	-	-	823,127
- Other payables	-	1,801,008	-	-	1,801,008
Total financial liabilities	-	2,624,135	-	-	2,624,135

** Note: The carrying amounts disclosed here exclude statutory amounts (eg. amounts owing from Victorian Government, GST input tax credit recoverable and GST payables.*

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

MARKET RISK EXPOSURE - INTEREST RATE

	Carrying Amount	Interest Rate Risk	
		-100 Basis Points	+100 Basis Points
YEAR 2012	$	$	$
Contractual financial assets			
Cash and deposits	8,260,737	(82,607)	82,607
Investments & other contractual financial assets	60,000,000	(600,000)	600,000
Contractual financial liabilities	-	-	-
Total Impact		(682,607)	682,607
YEAR 2011			
Contractual financial assets			
Cash and deposits	5,681,112	(56,811)	56,811
Investments & other contractual financial assets	50,000,000	(500,000)	500,000
Contractual financial liabilities	-	-	-
Total Impact		(556,811)	556,811

(e) FAIR VALUE

The aggregate net fair values of financial assets and liabilities, both recognised and unrecognised, at the balance date are equal to their carrying amount as per the balance sheet.

NOTE 13 RESPONSIBLE PERSONS

In accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

NAMES

The persons who held the above positions in the MMA are as follows:

Minister for Major Projects, Ports, Racing and Regional Cities	The Hon. Dr Denis Napthine	1 July 2011 to 30 June 2012
Board Chairman	Mr N J Lowe	1 July 2011 to 30 June 2012
Board Member	Ms B M Constance	1 July 2011 to 22 September 2011
Board Member	Ms N Kirkwood	1 July 2011 to 30 June 2012
Board Member	Ms G Marven	1 July 2011 to 30 June 2012
Board Member	Mr S J McArthur	1 July 2011 to 30 June 2012
Board Member	Mr A McLellan	8 May 2012 to 30 June 2012
Chief Executive	Mr A Crosthwaite	1 July 2011 to 30 June 2012

NOTE 13 RESPONSIBLE PERSONS (CONTINUED)

REMUNERATION

Remuneration received or receivable by the Accountable Officer in conjunction with the management of the MMA during the reporting period was in the range:

$260,000 - 269,999 (2011: $180,000 - 189,999)

Persons other than the Accountable Officer:

	2012	2011
Income Band	No.	No.
$0 - $9,999	2	-
$10,000 - $19,999	3	4
$20,000 - $29,999	-	-
$30,000 - $39,999	1	1
Total Numbers	6	5
Total Amount	102,555	97,337

Amounts relating to the Minister are reported in the financial statements of the Department of Premier and Cabinet.

OTHER TRANSACTIONS

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

NOTE 14 REMUNERATION OF EXECUTIVES

The number of executive officers, other than the Minister and Accountable Officer, and their total remuneration during the reporting period is shown in the first two columns of the table below in their relevant income bands. The base remuneration of executives is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

(a) EXECUTIVE OFFICER REMUNERATION

	Total Remuneration		Base Remuneration	
	2012	2011	2012	2011
Income Band	No.	No.	No.	No.
Less than $100,000*	2	-	-	-
$100,000 - 109,999	-	-	-	1
$110,000 - 119,999	-	1	1	-
$120,000 - 129,999	1	1	1	2
$130,000 - 139,999	1	2	2	2
$140,000 - 149,999	1	2	1	2
$150,000 - 159,999	3	1	1	-
$160,000 - 169,999	-	-	2	1
$170,000 - 179,999	1	-	-	-
$180,000 - 189,999	-	-	1	-
$190,000 - 199,999	-	1	-	-
Total number of executives	9	8	9	8
Total annualised employee equivalent**	7.1	7.0	7.1	7.0
Total amount	1,134,484	1,159,985	1,304,893	1,068,423

** Note: Total remuneration for two executives is less than base remuneration due to them commencing employment with the MMA in February and April 2012 respectively.*
*** Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.*

NOTE 14 REMUNERATION OF EXECUTIVES (CONTINUED)

(b) EXECUTIVE OFFICER DATA

Table 1: Number of Executive Officers classified into 'Ongoing'

	All		Ongoing	
Class	No.	Var	No.	Var
MMA	9	-	8	-
Total	9	-	8	-

Table 2: Breakdown of Executive Officers into Gender for 'Ongoing'

	Male		Female		
Class	No.	Var	No.	Var	Vacancies
MMA	5	-	4	-	-
Total	5	-	4	-	-

Table 3: Reconciliation of Executive Numbers

	2012	2011
	No.	No.
Executives with remuneration over $100,000 (Note 14a)	7	8
Add Vacancies (Table 2)	-	-
Executives with total remuneration below $100,000	2	-
Accountable Officer (Secretary)	1	1
Less Separations	(1)	(1)
Total Executive numbers at 30 June 2012	9	8

NOTE 15 REMUNERATION OF AUDITORS

	2012	2011
	$	$
Audit fees paid or payable to the Victorian Auditor-General's Office (VAGO) for audit of the MMA's financial report	40,250	39,137
Amounts due and receivable by the Auditor-General	40,250	39,137

NOTE 16 COMMITMENTS FOR EXPENDITURE

The MMA has operating commitments to various service contracts extending forward a number of financial years. Details are noted below:

	2012	2011
Payable:	$	$
Not longer than 1 year	3,261,821	3,955,074
Longer than 1 year but less than 5 years	2,686,885	-
Longer than 5 years	-	-
Total commitments for expenditure (inclusive of GST)	5,948,706	3,955,074
Less GST recoverable from the Australian Taxation Office	(540,791)	(359,552)
Total commitments for expenditure (exclusive of GST)	5,407,915	3,595,522

** Note: During the reporting period the contract for market cleaning and waste disposal was renewed to 31 March 2014, and the contract for market security was renewed to 30 June 2014.*

NOTE 17 CONTINGENT ASSETS AND LIABILITIES

MMA is awaiting formal declaration of dividend by the Treasurer of $51M. The dividend will be paid out of investment funds which have been included in DBI's relocation costing model to be allocated against costs in relocating market operations from West Melbourne to the Epping site. Investment funds have been disclosed in the financial statements.

MMA is awaiting formal notification from the DBI that it will not be liable for clean-up or site-restoration costs beyond regular post-market cleaning upon the planned cessation of market operations at the West Melbourne site in 2014-2015. As a result this cost has not been quantified.

NOTE 18 SUPERANNUATION

GOVERNMENT EMPLOYEES' SUPERANNUATION FUND

No liablity is recognised in the Balance Sheet for the MMA's share of the the State's unfunded superannuation liability. The State's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.

Superannuation contributions for the reporting period are included as part of salaries and associated costs in the Comprehensive Operating Statement of the MMA and are contributed in accordance with respect to employee agreements at the rate of 9% to 14.5% (2011: 9% to 14.5%). The MMA has no loans outstanding to or from any superannuation fund.

The names and details of the major employee superannuation funds and contributions made by the MMA are as follows:

	2012	2011
Defined benefit plans:	$	$
Vision Super	520,789	112,631
(2012: includes funding shortfall of $497,153 from actuarial review 31 December 2011)		
(2011: includes funding shortfall of $90,321 from actuarial review 30 June 2010)		
Defined contribution plans:		
Vision Super	280,536	256,242
Colonial Master Fund	47,713	45,129
Macquarie Wrap Solutions	22,523	22,647
Fiducian	20,954	12,905
MLC Masterkey	17,423	19,468
HESTA Super	14,051	12,451
VicSuper	12,918	21,926

The Vision Super 'Local Authorities Superannuation Fund' latest 31 December 2011 actuarial investigation identified an unfunded liability of $453M, excluding contributions tax, in the defined benefit fund of which past/present MMA employees have been/are members. MMA noted the possible shortfall at balance date last year, and was formally advised of it's share of the shortfall on 31 July 2012, which amounted to $497,153 including contributions tax. MMA has elected to pay this shortfall by lump sum within 12 months of the due date of 1 July 2013. MMA has accounted for this shortfall in the Comprehensive Income Statement in Employee expenses (Note 3a) and in the Balance Sheet in Payables (Note 9).

NOTE 19 SUBSEQUENT EVENTS

There were no events to report after the reporting date.

NOTE 20 EX-GRATIA PAYMENTS

	2012	2011
	$	$
Ex-gratia payments were made for the reimbursement of office costs to members of the MMA's advisory committees	10,100	17,700
Amounts due and paid to advisory committee members	10,100	17,700

NOTE 21 LEASES RECEIVABLE

Operating leases relate to operating property owned by the MMA with lease terms of between one to five years, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2012	2011
Non-cancellable operating leases receivable	$	$
Not longer than 1 year	9,829,850	8,259,515
Longer than 1 year but less than 5 years	10,921,589	-
Longer than 5 years	-	-
Total non-cancellable operating leases receivable	20,751,439	8,259,515

Note: During the reporting period leases with market tenants were extended to 31 July 2014.

NOTE 22 CASH FLOW INFORMATION

	2012	2011
(a) Reconciliation of cash & cash equivalents	$	$
Total cash and deposits disclosed in the balance sheet	8,260,737	5,681,112
Balance as per cashflow statement	8,260,737	5,681,112
(b) Reconciliation of net result for the period to net cash flows from operating activities		
Net result for the period	7,937,307	8,337,976
Non-cash movements		
(Gain)/loss on disposal of non-current assets	(9,467)	(12,105)
Depreciation and amortisation of non-current assets	3,833,288	3,576,886
Movements in assets and liabilities		
(Increase)/decrease in current receivables	817,055	(372,149)
(Increase)/decrease in current prepayments	30,090	4,241
Increase/(decrease) in current provisions	124,045	47,106
Increase/(decrease) in current rent in advance	(8,223)	(2,732)
Increase/(decrease) in current payables	291,638	103,115
Net cash flows from/(used in) operating activities	13,015,733	11,682,338

NOTE 23 GLOSSARY OF TERMS AND STYLE CONVENTIONS

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use overtime of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non financial physical assets used in the provision of outputs.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia payments

Ex gratia payment is the gratuitous payment of money where no legal obligation exists.

Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:

- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

(a) A contractual or statutory obligation:

- To deliver cash or another financial asset to another entity; or
- To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) A contract that will or may be settled in the entity's own equity instruments and is:

- A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Infrastructure systems

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, ports, utilities and public transport assets owned by the State.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets
Refer to non-produced assets in this glossary.

Interest expense
Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income
Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net acquisition of non-financial assets (from transactions)
Purchases (and other acquisitions) of non financial assets, less sales (or disposals) of non financial assets, less depreciation, plus changes in inventories, and other movements in non financial assets. It includes only those increases or decreases in non financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

Net result
Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as ‘other non owner changes in equity’.

Net result from transactions/net operating balance
Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth
Assets less liabilities, which is an economic measure of wealth.

Non financial assets
Non financial assets are all assets that are not ‘financial assets’. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Other economic flows
Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non produced) from their use or removal.

In simple terms, other economic flows are changes arising from market re measurements.

Payables
Includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets
Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

Receivables
Includes amounts owing from government through appropriations receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services
Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non produced assets such as land. User charges includes sale of goods and services income.

Supplies and services
Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the MMA.

Transactions
Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style conventions
Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:
- zero, or rounded to zero
(x) negative numbers

The financial statements and notes are presented based on the illustration for a government department in the 2011-12 Model Report for Victorian Government departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the MMA's annual reports.

CHAIRMAN'S, ACCOUNTABLE OFFICER'S & CHIEF FINANCIAL OFFICER'S DECLARATION

The attached financial statements for the MMA have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of the MMA at 30 June 2012.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 23 August 2012.

N J Lowe Chairman	A Crosthwaite CEO	D J Coulson CFO

The Annual Report of the MMA is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the MMA's compliance with statutory disclosure requirements.

Other disclosures as required by FRDs in notes to the financial statements

LEGISLATION

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